

## EXHIBIT 18

### WORKFORCE INVESTMENT NOTICE: 03-01

**SUBJECT:** PY 2002 Incentive Awards for Performance

**DATE:** September 29, 2003

#### **1. PURPOSE**

To develop Corrective Action Plan for Local Areas for failed performance.

#### **2. REFERENCES**

Workforce Investment Notice 01-04; 02-01

#### **3. BACKGROUND**

Each Local Workforce Investment Area in a State is subject to the same core indicators of performance and the customer satisfaction indicators that apply to the State under Sec. 666.100(a).

The Local Board and the chief elected official have negotiated with the Governor and reached agreement on the local levels of performance for each indicator identified under Sec. 666.300. The levels must be based on the State negotiated levels of performance established under Sec. 666.120.

#### **4. DISCUSSION**

##### **A. Meeting or Failing Overall Performance Standards**

To be eligible to receive an incentive award, a Local Area must meet two criteria. A Local Area must achieve at least a 100% cumulative program area score for each of the program areas and for the customer satisfaction group. In addition, a Local Area may not have any of their 17 measures fall below 85% of their negotiated performance levels.

- **Failure for the first year precludes a WIA from receiving any incentive awards and requires the Governor to provide technical assistance.**

If a local area fails to meet the negotiated levels of performance for the core indicators of performance or customer satisfaction indicators for a program in any program year, technical assistance will be provided as described in WIN 01-04.

- **Failure for a second year precludes a WIA from receiving any incentive awards and requires the Governor to impose a reorganization policy.**

If a local area fails to meet the negotiated levels of performance for the core indicators of performance or customer satisfaction indicators for a program for two consecutive program years, the Governor must take corrective action. The corrective action may include the development of a reorganization plan under which the Governor:

- (1) Requires the appointment and certification of a new Local Board;
- (2) Prohibits the use of particular service providers or One-Stop partners that have been identified as achieving poor levels of performance; or
- (3) Requires other appropriate measures designed to improve the performance of the local area.

If performance is unacceptable for two consecutive years on the **same** performance indicator, monetary sanctions may be imposed. Sanctions will be determined on a case-by-case basis, and may range from 1% up to a maximum 5% reduction in the program area in which the standard was failed.

#### **B. Exceptions for Program Years 2000-2001**

The above policy provides guidelines for implementing the sanction provisions under WIA. There will, however, be two exceptions when applying these recommendations for performance in PY 2000-2001 (July 1, 2000, through June 30, 2002).

- a. **The amount of the financial sanction is based on how many of the "basic" measures per program the state failed. If a Local Area has failed only the credential and/or diploma measure for PY 2000-2001, then a financial sanction will not be imposed on the Local Area.**

Many concerns regarding the younger youth diploma measure, and the older youth, dislocated worker and adult credential measures, resulting from a perceived lack of baseline data when the goals were initially negotiated, and/or problems gathering and reporting the data on this new and unfamiliar measure. In acknowledgement of these concerns, it is ETA's policy that if these are the only measures where a Local Area failed to achieve 85 percent of the negotiated level of performance, for PY 2000-2001, the credential and/or diploma measure will not, by itself, result in a financial sanction on the program area.

However, if the Local Area also failed any other youth, dislocated worker or adult measure, the credential and diploma measures will be taken into account (i.e., added to the total number of performance failures) when determining the level of

the financial sanction, since this combination of failures is indicative of a larger management and/or program design issue for the state.

## **5. SANCTIONS**

Since this is the second year of failure for both Local Areas, the “second year failure” provisions stated in Section 4 above would apply.

The State at this time is imposing the following procedure based on the provisions of WIN 01-04.

### **A. Meeting:**

Upon completion of the in-house review, a meeting will be scheduled with the SWIO Administrator, WIA Director and the WIB Chairperson to discuss the results of the in-house review and to give the WIA Director and WIB Chairperson the opportunity to present their own assessment of the performance failure and to consider recommendations for action to reorganize the program delivery system in the WIA.

On September 16, 2003, a meeting was scheduled that included the SWIO Administrator, the WIB Chairs and the Executive Directors of both Local Areas to consider recommendations to reorganize the program delivery system in the Program Area for which failure has occurred. It was agreed that a corrective action would be developed that would include item 2 in Section 4A above.

### **B. WIA Corrective Action Plan Development:**

The WIA Representative will schedule a meeting of the Executive Director and other appropriate staff of the Local Area to discuss the results of the in-house program review and to assist in the development of a corrective plan that will reorganize the program delivery system in the Local Area. The assigned WIA Representative will present the options for action. The recommended actions, in the form of a Corrective Action Plan are then presented to the SWIO Administrator and to the WIA Liaison for approval.

### **C. Council Review and action:**

The WIA Reorganization Plan is presented to the WIA Oversight Committee and then to the State Workforce Investment Board as an action item. The WIA Director, the WIB Chairperson and the Chief Elected Official should be present at the meeting to provide additional information to WIA Oversight Committee members, as necessary, and to present alternative actions if they so choose.

### **D. Board Action and Hearing:**

Upon approval of the WIA Reorganization Plan by the SWIB, the SWIB will issue a written statement confirming the approved Reorganization Plan.

The WIA Director and WIB Chairperson will be notified in writing of the SWIB's decision and their right to an appeal. If the Local Area chooses not to exercise

their appeal rights, the WIA Liaison will enforce the implementation of the Reorganization Plan.

**6. ASSESSMENT OF WIA REORGANIZATION PLAN ACTIVITIES:**

WIAs subject to a reorganization plan will report in writing to the WIA Liaison actions taken on a monthly basis. The assigned WIA Representative is responsible for the ongoing assessment of these actions through the review of monthly reports from the WIA.